

**RULES  
OF  
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-9  
DEFINITIONS**

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**0720-9-.01    DEFINITIONS.** The following terms shall have the following meanings.

- (1) “Adult psychiatric” means inpatient mental health services provided to patients 18 years of age and over.
- (2) “Agency” means the Tennessee Health Services and Development Agency.
- (3) “Ambulatory surgical treatment center” means any institution, place or building devoted primarily to the performance of surgical procedures on an outpatient basis.
- (4) “Capital expenditure” in relation to a proposed establishment of, modification, renovation, or addition to a health care institution, means an expenditure by or on behalf of a health care institution which, under generally accepted accounting principals, is not properly chargeable as an expense of operation and maintenance. Any series of expenditures, each less than the threshold, but which when taken together are in excess of the threshold, directed toward the accomplishment of a single goal or project, requires a certificate of need. Any series of related expenditures made over a twelve (12) month period will be presumed to be a single project.
  - (a) Establishment, modifications, additions, or renovations. In calculating the capital expenditure for establishment, modifications, additions, or renovations, “capital expenditure” is the amount per construction bid or total amount of invoices for the single project excluding major medical equipment.
  - (b) Equipment. The cost of major medical equipment over the monetary threshold of T.C.A. § 68-11-1607 is not considered when determining the amount of capital expenditures for determining whether the monetary threshold of T.C.A. § 68-11-1607 is met for an establishment, modification, addition, or renovation. The cost of all other equipment, whether fixed or moveable, is considered. The cost of major medical equipment is considered in calculating the amount of the examination fee. The cost for such fixed and moveable equipment includes, but is not necessarily limited to, taxes, government fees, assessments, and any other fees, assessments or charges directly associated with the acquisition of the equipment.
  - (c) Lease, loan, or gift. In calculating the value of a lease, loan, or gift, the “cost” is the fair market value of the above-described expenditures. In the case of a lease, the cost is the fair market value of the lease or the total amount of the lease payment, whichever is greater.
- (5) “Certification period” means the period of time beginning on the date of issuance of a certificate of need and ending on the expiration date of a certificate of need, as established by statute, rule, or order of The Agency.
- (6) “Change of location” means a change of the specific location of an existing institution, facility, service, or piece of major medical equipment, in part or in its entirety. The following activities involving a home care organization are a change of location of a health care institution, and require a certificate of need:

(Rule 0720-9-.01, continued)

- (a) The addition of one or more counties to the licensed service-area of a home care organization;
  - (b) The change of location of a parent office to a different county.
- (7) “Child and adolescent psychiatric” means inpatient mental health services provided to patients under 18 years of age.
- (8) “Executive director” means the chief administrative officer of The Agency and the appointing authority, exercising general supervision over all persons employed by The Agency, as defined in T.C.A. § 68-11-1606.
- (9) “Expiration date” is the date upon which a certificate of need expires and becomes null and void. The expiration date may be established by statute, by rule, or by order of The Agency.
- (10) “Home health service” is as defined in T.C.A. Title 68, Chapter 11, Part 2.
- (11) “Hospital” is as defined in T.C.A. Title 68, Chapter 11, Part 2.
- (12) “Long-term categories” includes nursing home services, regardless of the length of stay, and any other health service which is intended or reasonably expected to result in an average length of stay of 21 days or longer.
- (13) “Major medical equipment” - “Cost.”
- (a) As used in T.C.A. §§ 68-11-1602 and 68-11-1607, “major medical equipment” means any single item of equipment or a series of components with related functions, within the definition and cost threshold set forth at the referenced statutes, and which costs more than the amounts determined under T.C.A. § 68-11-1607.
  - (b) The cost of major medical equipment includes all costs, expenditures, charges, fees and assessments which are reasonably necessary to put the equipment into use for the purposes for which the equipment was intended. Such costs specifically include, but are not necessarily limited to, the following:
    - 1. maintenance agreements, covering the expected useful life of the equipment;
    - 2. federal, state, and local taxes and other government assessments; and
    - 3. installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding.
  - (c) Any individual components or a piece of medical equipment with related functions, which are purchased over a 12 month period shall be considered toward the cost of the piece of major medical equipment.
  - (d) If the acquisition is by lease, the cost is either the fair market value of the equipment, or the total amount of the lease payments, whichever is greater
- (14) “Mental health hospital” means a public or private hospital or facility or part of a hospital or facility equipped to provide inpatient care and treatment for persons with mental illness or serious emotional disturbance, as licensed by the Department of Mental Health and Developmental Disabilities.

(Rule 0720-9-.01, continued)

- (15) “Mental retardation institutional habilitation facility” means a facility which offers on a regular basis health related services to individuals with mental retardation who do not require the degree of care and treatment which a hospital or skilled nursing facility is designed to provide but, because of physical or mental condition require residential care and services (more than room and board) and involves health related care under the supervision of a physician. Such a facility also offers an intensive program of habilitative services, as licensed by the Department of Mental Health and Developmental Disabilities.
- (16) “Neonatal intensive care unit” means a special care unit staffed and equipped to provide professional intensive treatment for the care of newborns with severe or complicated illnesses and/or high-risk newborn infants, staffed by a neonatologist and specialized nurses and in which bassinets are used as licensed beds.
- (17) “Not directly related to patient care” may include the following types of single, isolated expenditures:
  - (a) Telephone systems;
  - (b) Non-clinical data processing systems;
  - (c) Heating and/or air conditioning systems;
  - (d) Energy conservation devices;
  - (e) Parking facilities;
  - (f) Roof repairs;
  - (g) Medical office buildings;
  - (h) Warehouses; and
  - (i) Cafeterias.
- (18) “Nursing home” is as defined in T.C.A. Title 68, Chapter 11, Part 2.
- (19) “Outpatient diagnostic center” is as defined in T.C.A. Title 68, Chapter 11, Part 2.
- (20) “Person” where the context requires, may refer to any natural person, legal entity, facility, or institution, as defined in T.C.A. § 68-11-1602.
- (21) “Recuperation center” is as defined in T.C.A. Title 68, Chapter 11, Part 2.
- (22) “Residential hospice” is as defined in T.C.A. Title 68, Chapter 11, Part 2.
- (23) “Service area” means the county or counties, or portions thereof, representing a reasonable area in which a health care institution intends to provide services and in which the majority of its service recipients reside.
- (24) “Substantive amendment” as used in T.C.A. § 68-11-1607 means any amendment which has the effect of increasing the number of beds, square footage, cost, or other elements which are reasonably considered in the discretion of The Agency to be integral components of the application. A reduction of the above referenced components may be considered a substantive amendment if the amendment and supporting documentation are not received by the staff and Agency in a timely manner, necessary to allow The Agency to make an informed decision. Nothing in this rule shall be interpreted as limiting The Agency’s authority to approve or deny all or part of any given application.

(Rule 0720-9-.01, continued)

**Authority:** T.C.A. §§ 4-5-202 and 68-11-1605. **Administrative History:** Original rule filed August 31, 2005; effective November 14, 2005.